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March 10, 2022

Re: TESTIMONY IN OPPOSITION TO Raised Bill 303
An Act Concerning Renters in Common Interest Ownership Communities.

My name is Charles Ryan. I am an attorney with an office in Watertown, CT. I have been practicing law since 2010 and my practice focuses mainly on representing Common Interest Communities throughout Connecticut.

I am a member of the Executive Board for the Connecticut Chapter of Community Association Institute ("CAI-CT"). I am a Member of CAI-CT's Education Program Committee, Conference Committee and I serve as the Chair of CAI's Legislative Action Committee. I am also a member of the CAI Lawyer's Council for CT.

It is my opinion that Raised Bill 303 is not necessary as the current statute already limits a Board of Directors' ability to restrict the leasing of Units to no more than 50%. Further, there are unintended consequences that will negatively affect the value of homes in Common Interest Communities.

The current Statute mirrors the Uniform Common Interest Ownership Act. This language was recently adopted by the Legislature in 2009. The intent of the language is to allow a condominium to adopt rules in order to comply with the underwriting requirements of banks and insurers. Most notably, Fannie Mae, FHA, and the VA. If an association does not comply with these underwriting requirements, banks will not lend money for mortgages. If mortgages are not available, the value of the homes drop as only cash buyers are available.

The current Statute does not set a fixed limit on rentals. Instead, the Statute recognizes that Fannie Mae, FHA, VA, and others may change their internal underwriting policies at any time. The Statute, as written, allows condominiums the ability to shift accordingly. If Fannie Mae announced tomorrow that no more than 40% of the Units can be non-owner occupied at any time, the current Statute allows the Board to adjust its rules accordingly to meet this new requirement without the need for legislation locally.

It is also important to note that the current language does not reference leasing at all yet the new proposed language does. While the focus is customarily on leasing, Fannie Mae, FHA, VA and others do not look solely at leasing. Instead, the underwriting requirements focus on "non-owner-occupied units" which would include those that are vacant. As such, if a condominium association had 50% of the Units rented, Units would only be eligible for mortgages if none of the remaining units were vacant. The proposed Bill overlooks this important distinction.

In addition, Fannie Mae and FHA have other underwriting requirements beyond the 50% cap on non-owner-occupied units. For example, no more than 25% of the condominium can be designated commercial. Further, no more than 15% of all units may be owned by one person/entity. The current Statute allows a condominium to establish rules to address these underwriting requirements, yet Raised Bill 303 does not.

There are a number of other concerns related to insurance and the effect leasing has on the condominium association's ability to obtain insurance. David Pilon of Bouvier Insurance has submitted written testimony on this topic. I urge the Committee to review his testimony as well.

In closing, I urge you not to adopt Raised Bill 303 as it will have dramatic negative consequences for our condominium owners without providing any gains.

Respectfully submitted,

Charles A. Ryan, Esq.